

VZCZCXYZ0000
RR RUEHWEB

DE RUEHLP #2976 3051734
ZNR UUUUU ZZH
R 011734Z NOV 06
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 1174
INFO RUEHAC/AMEMBASSY ASUNCION 6243
RUEHBO/AMEMBASSY BOGOTA 3563
RUEHBR/AMEMBASSY BRASILIA 7425
RUEHBU/AMEMBASSY BUENOS AIRES 4686
RUEHCV/AMEMBASSY CARACAS 1936
RUEHPE/AMEMBASSY LIMA 1988
RUEHMD/AMEMBASSY MADRID 3171
RUEHME/AMEMBASSY MEXICO 1861
RUEHMN/AMEMBASSY MONTEVIDEO 4137
RUEHNE/AMEMBASSY NEW DELHI 0066
RUEHQT/AMEMBASSY QUITO 4575
RUEHSG/AMEMBASSY SANTIAGO 9149
RUEHKO/AMEMBASSY TOKYO 0260
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATR/DEPT OF TREASURY WASHINGTON DC
RUEHC/DEPT OF INTERIOR WASHINGTON DC
RUEHC/DEPT OF LABOR WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC

UNCLAS LA PAZ 002976

SIPDIS

SENSITIVE
SIPDIS

STATE FOR WHA/AND LPETRONI
COMMERCE FOR JANGLIN
TREASURY FOR SGOOCH

E.O. 12958: N/A
TAGS: [EMIN](#) [EINV](#) [ECON](#) [PREL](#) [PGOV](#) [BL](#)
SUBJECT: GOB POSTPONES MINING PLAN UNTIL 2007

REF: A. LA PAZ 2944

[1](#)B. LA PAZ 2860

[1](#)1. (U) Summary: President Morales chose not to unveil his much-hyped mining plan October 31 (ref A), instead announcing that the GOB would postpone it until 2007, ostensibly because of a lack of financing. Morales attempted to divert attention to a supreme decree authorizing the conversion of cooperative miners in Huanuni to salaried employees of the state, as promised in the aftermath of October 5-6 conflicts (ref B). End summary.

[1](#)2. (U) President Morales chose not to unveil his much-hyped mining plan October 31 (ref A), instead announcing that the GOB would postpone it until 2007, ostensibly because of a lack of financing. Morales told the press the GOB wanted to "consolidate" the hydrocarbons nationalization but would continue working on a plan to reactive the mining sector.

[1](#)3. (U) Morales attempted to divert attention to a supreme decree authorizing the conversion of cooperative miners in Huanuni to salaried employees of the state, as promised in the aftermath of October 5-6 conflicts between miners' cooperatives and unions (ref B). The supreme decree directs Comibol, the state-owned mining company, to assume control of all activities in Huanuni and convert members of the region's four cooperatives into regular laborers; the decree does not dictate salaries or specify the number of miners Comibol may hire but says conversions and mining activities must meet the terms of the company's operating plan. The decree also allocates approximately \$9.7 million to the development of new mineral deposits, the expansion of processing facilities, and the construction of a tailings dam.

[1](#)4. (SBU) Comment: The GOB may indeed face a funding

shortfall, but Morales' postponement was more likely a political maneuver designed to retain for future use a means of rallying the people and boosting approval ratings. From a political perspective, it may make sense for Morales to keep something in his back pocket, but from a business perspective, it seems less wise, as foreign and domestic investors alike will have to cope still longer with uncertainty. Morales may also face opposition from social sectors, including cooperative miners, who have said they are seriously opposed to any nationalization. End comment.
URS